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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA**

UNITED STATES OF AMERICA,)
Plaintiff,) Case No. 2:19-cv-01937-JCM-VCF
v.)
DEMETRIOS A. DALACAS;)
ELENE MYLORDOS;)
WILMINGTON SAVINGS FUND)
SOCIETY, FSB NOT IN ITS INDIVIDUAL)
CAPACITY, BUT SOLELY AS OWNER)
TRUSTEE OF CSMC 2019-RP11 TRUST;)
REPUBLIC SILVER STATE DISPOSAL INC.;)
R & K DEVELOPMENT INC.;)
COPPER CREEK CONSTRUCTION INC.;)
LAS VEGAS VALLEY WATER DISTRICT;)
CITY OF LAS VEGAS, NEVADA;)
CLARK COUNTY, NEVADA;)
JOHN TOUSOULIS;)
DENISE TOUSOULIS;)
Defendants.)
)
**JOINT MOTION FOR
DISTRIBUTION OF PROCEEDS
DEPOSITED WITH COURT**

The United States, Elene Mylordos, individually and as personal representative for the Estate of Demetrios A. Dalacas, Republic Silver State Disposal, Inc., the Las Vegas Valley Water District, the City of Las Vegas, Nevada, Clark County, Nevada, and John Tousoulis,

1 individually and as personal representative for the Estate of Denise Tousoulis (“the parties”)
 2 jointly move for an order distributing the \$627,069.54, plus interest that has accrued pursuant to
 3 Local Rule 67-2(a), in proceeds of the sale of the three Subject Properties at issue in this action,
 4 which is currently being held in the Court’s registry.

5 **BACKGROUND**

6 The United States initiated this action on November 4, 2019, seeking to reduce income
 7 tax assessments to judgment against Demetrios A. Dalacas and foreclose tax liens on three
 8 parcels of property located in Clark County, Nevada referred to in the Complaint as the Queens
 9 Church Property, the Valley Drive Property, and the Tonopah Drive Property (collectively the
 10 “Subject Properties”). (Dkt. 1). The United States filed an amended complaint on November 7,
 11 2019 adding Clark County, Nevada as a defendant, (Dkt. 3), and a Second Amended Complaint
 12 on March 19, 2021, adding John Tousoulis and Denise Tousoulis as defendants pursuant to 26
 13 U.S.C. § 7403(b). (Dkt. 62). Mr. Dalacas died on May 16, 2020, *see* (Dkt. 28), and his sister
 14 Elene Mylordos, as Personal Representative of the Estate of Demetrios Dalacas, was substituted
 15 as defendant. (Dkt. 30).

16 On June 29, 2020, Elene Mylordos, as Personal Representative of the Estate of Demetrios
 17 Dalacas, stipulated to judgment as to the full amount sought by the United States in its
 18 Complaint. (Dkt. 31). The Court entered judgment against Elene Mylordos, as Personal
 19 Representative of the Estate of Demetrios Dalacas, on July 2, 2020. (Dkt. 32). Additionally, on
 20 December 30, 2020, the Court entered default judgment against Defendants Copper Creek
 21 Construction, Inc., and R & K Development, Inc., and determined that they “have no right, title,
 22 or interest in the Subject Properties and are not entitled to any portion of the proceeds of a sale of
 23 any of the Subject Properties.” (Dkts. 56, 57).

Sale of the Queens Church Property

On December 30, 2020, the Court entered an Order Approving the Sale of the Queens Church Property. (Dkt. 58). Pursuant to the terms of the Court’s Order, the interests of Wilmington, the City of Las Vegas, the Las Vegas Valley Water District, and Clark County, Nevada were satisfied directly from the proceeds of the sale. (*Id*).

On February 18, 2021, \$298,516.97, constituting the remaining proceeds of the sale of the Queens Church Property (after the costs of sale and the interests of Wilmington, the City of Las Vegas, the Las Vegas Valley Water District, and Clark County, Nevada were satisfied), was deposited with the Court. (Dkt. 59). On April 19, 2021, an additional \$13,306.83 was deposited with the Court representing the final distribution of funds from the sale of the Queens Church Property. (Dkt. 69).

Sale of the Valley Drive Property

The Estate of Demetrios Dalacas held an interest in the Valley Drive Property by virtue of its interest in the Estate of Eugenia Dalacas (Mr. Dalacas's mother). Second Am. Compl ¶22 (Dkt. 62). The Estate of Eugenia Dalacas sold the Valley Drive Property on July 24, 2020, for \$195,000. The Estate of Eugenia Dalacas then received \$170,477.96 from the sale (after payment of costs), which were deposited into the Estate of Eugenia Dalacas's bank account. On June 13, 2022, the probate court entered an Order Settling Second and Final Account, For Approval of Attorney's Fees, and For Decree of Final Distribution. This Order distributed payments to creditors of the Estate and provided that \$154,376.17 (representing Mr. Dalacas's share of the Estate) was to be deposited with the Court's registry in this case. On June 23, 2022, \$154,376.17 was deposited with the Court. (Dkt. 85). These funds constituted the Estate of Demetrios Dalacas's interest in the Estate of Eugenia Dalacas. (*Id.*)

Sale of the Tonopah Drive Property

The Estate of Demetrios Dalacas holds an interest in the Tonopah Drive Property by virtue of its interest in the Estate of Eugenia Dalacas (Mr. Dalacas's mother). Second Am. Compl. ¶ 25 (Dkt. 62). On July 2, 2021, the Court approved an agreement between the United States, the Estate of Eugenia Dalacas, and John Tousoulis, both individually and as personal representative for the Estate of Denise Tousoulis, whereby (1) the United States and Mr. Tousoulis agreed to release their liens as to the Tonopah Property and (2) 50% of the proceeds of the Tonopah Property, reflecting the interest of the Estate of Demetrios Dalacas in the Tonopah Property, were deposited with the Court. (Dkt. 79). The Probate Court administering Eugenia Dalacas's estate approved the sale on the same terms. Order Approving Partial Transfer of Real Property Proceeds to U.S. District Court Clerk, *In re Dalacas*, P-20-101809-E (Eighth Judicial District Court, Clark County Nevada) (Dkt. 60).

On January 19, 2022, \$137,826.82, constituting the majority of the Estate of Demetrios Dalacas's portion of the proceeds of the Sale of the Tonopah Property, was deposited with the Court pursuant to the Court's July 2, 2021, Order. (Dkt. 83). On January 25, 2022, \$23,042.75, constituting the remainder of the Estate of Demetrios Dalacas's portion of the proceeds of the sale of the Tonopah Property, was deposited with the Court. (Dkt. 84).

To date, \$627,069.54 has been deposited with the Court. The Court currently holds in its Registry Account \$627,069.54 plus interest that has accrued pursuant to Local Rule 67-2(a) (the “Funds”).

APPLICABLE STATUTES

The Internal Revenue Code grants courts broad jurisdiction and authority to enforce the internal revenue laws. 26 U.S.C. § 7402. Section 7403 specifically provides the statutory authority for the United States to foreclose upon its tax liens and obtain an order of sale from a

1 district court. Section 7403(a) states that “[i]n any case where there has been a refusal or neglect
 2 to pay any tax, or to discharge any liability in respect thereof,” a civil action may be filed in
 3 order to enforce the United States’ lien “with respect to such tax or liability or to subject any
 4 property, of whatever nature, of the delinquent, or in which he has any right....” 26 U.S.C.
 5 § 7403(a).

6 Section 7403 further requires that all persons claiming any interest in the property be
 7 made parties to suit, 26 U.S.C. § 7403(b), and provides the Court the authority to sell property,
 8 adjudicate the parties’ interests in the proceeds of the sale, and distribute proceeds in accordance
 9 with those findings. 26 U.S.C. § 7403(c).

10 As shown in this motion, all individuals and entities that may have an interest in the
 11 Subject Properties have been made parties to the suit. A money judgment for taxes has been
 12 entered, and the Subject Properties have been sold with the proceeds deposited into the Court’s
 13 registry. The United States now moves the Court to distribute sale proceeds in order of priority,
 14 as stipulated by the parties below.

15 ARGUMENT

16 The United States named as defendants all individuals that may claim an interest in the
 17 Subject Properties, as required by 26 U.S.C. § 7403(b). Their roles, status in this case, and
 18 entitlement to the Funds are summarized below.

19 1. *The City of Las Vegas, Nevada*

20 The City of Las Vegas, Nevada has an interest in the Funds by virtue of special
 21 assessment liens for sewer service and nuisance abatement associated with the Tonopah
 22 Property. The amount owed to the City of Las Vegas, Nevada is \$36,478.25. Pursuant to NRS
 23
 24

1 § 268.430 and 26 U.S.C. § 6323(b), the City of Las Vegas's special assessment liens are entitled
 2 to first priority.¹

3 ***2. The United States***

4 The United States has an interest in the Funds by virtue of its federal tax liens that arose
 5 upon assessment of the income taxes at issue in this action pursuant to 26 U.S.C. § 6321.

6 Pursuant to 26 U.S.C. § 6323, the United States recorded Notices of Federal Tax Lien with the
 7 Clark County Recorder as follows:

| Tax Period | Recording Date | Instrument Number |
|------------|---|-------------------|
| 2009 | 06/08/2017 | 201706080001582 |
| 2008 | 05/06/2018 | 201805090002094 |
| 2008 | 03/28/2019 (originally filed 07/27/2010) | 201903280000222 |

12
 13 The current balance due to the United States on the 2008- and 2009-income tax
 14 assessments at issue in this action, as of January 1, 2023, is \$514,382.99, plus interest and other
 15 statutory accruals from that date, according to law.

16 ***3. John Tousoulis, individually and as personal representative for the Estate of
 17 Denise Tousoulis***

19 ¹ At the time the proceeds from the sale of the Tonopah Property were being distributed, the
 20 escrow company First American Title inadvertently sent a check to the City of Las Vegas in the
 21 amount of \$46,498.25 in satisfaction of the City's interest. The City of Las Vegas processed the
 22 payment and realized that it represented an overpayment of \$9,750, which it refunded to First
 23 American Title. First American then submitted the amount of \$23,042.75 to the District Court
 24 pursuant to the agreement between the parties regarding the disbursement of funds from the sale
 25 pending resolution of this case, and pursuant to the agreement, distributed the other \$23,042.75
 to the Estate of Elene Mylordos. (Dkts. 84). Because the City of Las Vegas has not returned the
 \$36,478.25 (\$47,498.25-\$9,750) it received from First American Title despite First American
 Title depositing the City of Las Vegas's interest in the Tonopah Property with the Court, the City
 of Las Vegas is directing that it's claim to the proceeds at issue in this action be paid to First
 American Title.

1 John Tousoulis, individually and as personal representative for the Estate of Denise
 2 Tousoulis, has an interest in the Funds by virtue of an Application of Foreign Judgment in favor
 3 of Mr. Tousoulis and against Demetrios Dalacas recorded with the Clark County, Nevada
 4 recorder's office on March 26, 2019, as instrument number 20190326-00001356. Because the
 5 above judgment lien was recorded in Clark County, Nevada after the United States' Notices of
 6 Federal Tax Lien described above, the United States' tax liens are entitled to priority over the
 7 Tousoulis judgment lien. The current amount owed on the Tousoulis judgment lien is
 8 \$1,757,542.20 as of December 19, 2022.

9 ***4. Republic Silver State Disposal, Inc.***

10 Republic Silver State Disposal, Inc. ("Republic") has an interest in the Funds by virtue of
 11 liens for trash services recorded against the subject properties. The current amount owed to
 12 Republic is \$3,828.02. By stipulation dated November 30, 2020, and approved by the Court on
 13 December 7, 2020, the United States and Republic agreed that the United States' liens have
 14 priority over Republic's liens and that the Funds shall be applied to Mr. Dalacas's unpaid income
 15 tax liabilities before being applied to satisfy Republic's liens. (Dkt. 50).

16 Republic Services and John Tousoulis, individually and as personal representative for the
 17 Estate of Denis Tousoulis, have agreed that Republic's liens are entitled to priority over the
 18 Tousoulis judgment lien.

19 ***5. The Las Vegas Valley Water District***

20 The Las Vegas Valley Water District's interest in the Subject Properties was satisfied
 21 directly from the sale of the Subject Properties and consequently claims no interest in the Funds.

22 ***6. Clark County, Nevada***

23 Clark County, Nevada's interest in the Subject Properties was satisfied directly from the
 24 sale of the Subject Properties and consequently claims no interest in the Funds.

7. *Elene Mylordos, Individually and as Personal Representative for the Estate of
Carios Dalacas*

Elene Mylordos, as personal representative for the Estate of Demetrios Dalacas, has an interest in the Funds by virtue of Mr. Dalacas's former ownership of the Queens Church Property and status as a beneficiary of the Estate of Eugenia Dalacas. Elene Mylordos' interest in the Funds, as Personal Representative of the Estate of Demetrios Dalacas, is subordinate to the other lien holder parties. Elene Mylordos, individually, has no interest in the Funds.

8. Copper Creek Construction Inc. and R& K Development, Inc.

Copper Creek Construction, Inc., and R & K Development, Inc., hold no interest in the Funds. On December 30, 2020, the Court entered default judgment against Defendants Copper Creek Construction, Inc., and R & K Development, Inc., and determined that they “have no right, title, or interest in the Subject Properties and are not entitled to any portion of the proceeds of a sale of any of the Subject Properties.” (Dkts. 56, 57).

9. *Wilmington*

Wilmington Savings Fund Society, FSB not in its individual capacity, but solely Owner Trustee of CSMC 2019-RPL11 Trust (“Wilmington”) held an interest in the Queens Church Property by virtue of a deed of trust recorded in Clark County, Nevada. *See* (Dkt. 72). Wilmington’s interest in the Queens Church Property was satisfied directly from the sale of the Queens Church Property pursuant to the terms of the Court’s order. Wilmington stipulated that its deed of trust no longer encumbers the Queens Church Property and was dismissed from this action with prejudice. (*Id.*)

Distribution of the Funds

The parties stipulate that the funds shall be distributed as follows:

11

| Party To Be Paid | Amount To Be Paid | Remainder |
|--|-----------------------------------|-------------------------------------|
| | | \$627,069.54, plus accrued interest |
| City of Las Vegas Nevada | \$36,478.25 | \$590,591.29 plus accrued interest |
| The United States of America | \$514,382.99 | \$76,208.30 plus accrued interest |
| Republic | \$3,828.02 | \$72,380.28 plus accrued interest |
| John Tousoulis, Individually and as Personal Representative for the Estate of Denise Tousoulis | \$72,380.28 plus accrued interest | \$0 |
| All other parties | \$0 | \$0 |

WHEREFORE, the parties respectfully request that the Court approve the above stipulation and distribute the Funds pursuant to its terms. A proposed order is included herewith.

Respectfully submitted,

Dated: January 13, 2023,

DAVID A. HUBBERT
Deputy Assistant Attorney General

/s Isaac M. Hoenig
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BORIS KUKSO
Trial Attorneys, Tax Division
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/s George Kelesis (with permission via email dated January 13, 2023)
George Kelesis
Julie Sanpei
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517 South 9th Street
Las Vegas, Nevada 89101
Attorney for Elene Mylordos individually and as Personal Representative of the Estate of Demetrios Dalacas

1 */s/ Kevin R. Hansen (with permission via email
2 dated January 9, 2023)*

3 Kevin R. Hansen
4 5440 W. Sahara Ave., Suite 206
5 Las Vegas, Nevada 89146
6 kevin@kevinrhan森.com
7 *Attorney for John Tousoulis individually and as
8 personal representative of the Estate of Denise
9 Tousoulis*

10 */s/ Jeffrey L. Galliher (with permission via
11 email dated January 9, 2023)*

12 Jeffrey L. Galliher
13 Deputy City Attorney
14 495 South Main Street, Sixth Floor
15 Las Vegas, Nevada, 89101
16 jgalliher@lasvegasnevada.gov
17 *Attorney for the City of Las Vegas*

18 */s/ James E. Smyth (with permission via email
19 dated January 10, 2023)*

20 James E. Smyth
21 1001 South Valley View Blvd. MS #475
22 Las Vegas, Nevada 89153
23 jim.smyth@lvvwd.com
24 *Attorney for the Las Vegas Valley Water
25 District*

1 */s/ Sarah Schaerrer (with permission via email
2 dated January 10, 2023)*

3 Sarah Schaerrer
4 Deputy District Attorney
5 Office of the Clark County District Attorney
6 500 S. Grand Central Parkway # 5075
7 Las Vegas NV, 89155
8 (702) 455-4761 (Phone)
9 Email: sarah.schaerrer@clarkcountyda.com

10 */s/ Drew Starbuck (with permission via email
11 dated January 9, 2023)*

12 Donald H. Williams
13 Drew Starbuck
14 612 So. Tenth Street
15 Las Vegas, Nevada 89101
16 dwilliams@dhwlawlv.com
17 dstarbuck@dhwlawlv.com
18 *Attorneys for Republic Silverstate Disposal,
19 Inc.*

CERTIFICATE OF SERVICE

It is hereby certified that service has been made on January 13, 2023, by CM/ECF, which will send notice of the foregoing to all parties who have appeared in this case.

/s/ Isaac M. Hoenig
ISAAC M. HOENIG
Trial Attorney, Tax Division
U.S. Department of Justice

DAVID A. HUBBERT
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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA**

UNITED STATES OF AMERICA,)
Plaintiff,) Case No. 2:19-cv-01937-JCM-VCF
v.)
DEMETRIOS A. DALACAS;)
ELENE MYLORDOS;)
WILMINGTON SAVINGS FUND)
SOCIETY, FSB NOT IN ITS INDIVIDUAL)
CAPACITY, BUT SOLELY AS OWNER)
TRUSTEE OF CSMC 2019-RP11 TRUST;)
REPUBLIC SILVER STATE DISPOSAL INC.;)
R & K DEVELOPMENT INC.;)
COPPER CREEK CONSTRUCTION INC.;)
LAS VEGAS VALLEY WATER DISTRICT;)
CITY OF LAS VEGAS, NEVADA;)
CLARK COUNTY, NEVADA;)
JOHN TOUSOULIS;)
DENISE TOUSOULIS;)
Defendants.)
)
**AMENDED ORDER
DISTRIBUTING SALE PROCEEDS**

This matter comes before the Court on the parties' Joint Motion for Distribution of Proceeds Deposited with Court. Having considered the motion, and for good cause shown, the Court hereby ORDERS that:

1 1. The Parties' motion is hereby GRANTED up to \$627,005.86, which is the amount the
2 court has in the Registry for this matter;

3 2. The Clerk of the Court is hereby directed to issue the following checks:

- 4 • **First: The City of Las Vegas requests that its designated proceeds in the
5 amount of \$36,478.25 be made payable to First American Title.** Payment
6 should be sent to:

7 Anastasia Dion
8 Sr. National Commercial Escrow Officer
9 First American Title insurance Services
10 8311 W. Sunset Road, Suite 100
11 Las Vegas, NV 89113

- 12 • **Second: \$514,382.99 payable to the U.S. Department of Justice.** The check
13 should include the case number 2:19-cv-01937 (D. Nev.) and be sent to:

14 U.S. Department of Justice
15 Attn: Stephanie Milton, TAXFLU
16 P.O. Box 310 -- Ben Franklin Station
17 Washington, D.C. 20044

- 18 • **Third: \$3,828.02 to Republic Silver State Disposal, Inc.** Payment should be
19 sent to:

20 Drew Starbuck
21 Donald H. Williams
22 612 South Tenth Street
23 Las Vegas, Nevada 89101
24 *Attorneys for Republic Silver State Disposal, Inc.*

- 25 • **Fourth: \$72,316.60, plus all accrued interest to John Tousoulis, Individually
26 and as Personal Representative for the Estate of Denise Tousoulis.** Payment
27 should be sent to:

28 Kevin R. Hansen
29 2625 S Rainbow Blvd., Ste C-106
30 Las Vegas, Nevada 89146
31 kevin@kevinrhansen.com
32 *Attorney for John Tousoulis, Individually and as Personal Representative for the
33 Estate of Denise Tousoulis.*

IT IS SO ORDERED

Dated: January 13, 2023

Jew C. Mahan

US District Judge

Submitted by:

DAVID A. HUBBERT
Acting Assistant Attorney General

/s Isaac M. Hoenig

ISAAC M. HOENIG

BORIS KUKSO

Trial Attorneys, Tax Division

U.S. Department of Justice

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Attn: *Attorneys for the United States*

Attorneys for the United States